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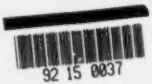
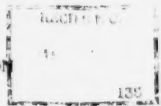


SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



LGL 2264

FORM 10-Q

[√] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY
10-16-V
MAY 15 1992

Commission File Number 0-8104

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L3Q

NaTec Resources,

(Exact name of Registrant as specified in its Charter)

Utah	36-6059098
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1177 West Loop South, Houston, Texas	77027
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (713) 552-2552

Indicate by check mark whether the Registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes_√_ No__

The Registrant had 25,458,787 shares of common stock, no par value, outstanding as of May 11, 1992.

NATEC RESOURCES, INC. AND SUBSIDIARIES

FORM 10-Q

March 31, 1992

INDEX

PAGE NUMBER

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Consolidated Balance Sheets-
March 31, 1992 and December 31, 1991 3

Consolidated Statements of Operations-
Three Months Ended March 31, 1992 and 1991 4

Consolidated Statements of Cash Flows-
Three Months Ended March 31, 1992 and 1991 5

Notes to Consolidated Financial Statements 6

Item 2. Management's Discussion and Analysis of
Financial Condition and Results of Operations. 7

PART II. OTHER INFORMATION

Item 1. Legal Proceedings 9

Item 2. Changes in Securities. 9

Item 3. Defaults upon Senior Securities 9

Item 4. Submission of Matters to a Vote of Security Holders. 9

Item 5. Other Information 9

Item 6. Exhibits and Reports on Form 8-K. 9

PART I. FINANCIAL INFORMATION

Item 1. *Consolidated Financial Statements*

NaTec Resources, Inc. and Subsidiaries
Consolidated Balance Sheets

	March 31, 1992 (unaudited)	December 31, 1991
Assets		
Cash and cash equivalents	$1,157,133	$1,087,173
Accounts receivable:		
Customers	748,001	392,319
Other	9,326	91,723
Inventories	268,614	143,011
Prepaid expenses and other	110,899	154,680
Total Current Assets	2,293,973	1,868,906
Property, Plant and Equipment		
Land and buildings	200,860	200,860
Production machinery and equipment	18,273,075	18,272,338
Less: Accumulated depreciation and amortization	(2,874,485)	(2,654,334)
	15,599,450	15,818,864
Investments and Other Assets		
Mineral properties and patents	5,945,412	5,998,139
Other assets and investments	209,657	189,200
	6,155,069	6,187,339
Total Assets	$24,048,492	$23,875,109
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$941,376	$795,933
Amounts billed in excess of revenue recognized	1,138,000	-
Related party payable	2,641,683	2,158,075
Current portion of long-term obligations	926,184	940,144
Total Current Liabilities	5,647,243	3,894,152
Long-term obligations	2,482,841	2,515,635
Preferred stock, $100 stated value, 2,000,000 shares authorized	12,000,000	12,000,000
Stockholders' Equity		
Common stock, no par value, 50,000,000 shares authorized	554,267	554,267
Additional paid-in capital	12,375,309	12,400,308
Retained deficit	(8,876,537)	(7,333,365)
Non-vested incentive stock awards	(134,631)	(155,888)
Total Stockholders' Equity	3,918,408	5,465,322
Total Liabilities and Stockholders' Equity	$24,048,492	$23,875,109

See Notes to Unaudited Consolidated Financial Statements

NaTec Resources, Inc. and Subsidiaries
Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31,	
	1992	1991
Revenues	$547,652	$457,742
Cost of sales	397,757	343,192
Gross profit	149,895	114,550
Excess of production costs over inventoried costs	357,556	-
Operating costs		
General and Administrative	464,151	654,577
Marketing and Selling	125,332	251,954
Research and Development	118,156	174,211
Indirect Technical	183,307	190,176
Total Operating Costs	890,946	1,270,918
Loss from operations	(1,098,607)	(1,156,368)
Other income and expense		
Interest income	11,141	85,821
Interest expense	(98,205)	(29,325)
Loss before income tax	(1,185,671)	(1,099,872)
Income tax benefit (expense)	-	-
Net loss	$(1,185,671)	$(1,099,872)
Preferred stock dividends	(357,500)	(500,000)
Net loss attributable to common shares	$(1,543,171)	$(1,599,872)
Net loss per common share	$(.06)	$(.06)
Average Shares Outstanding	25,458,727	25,157,675

See Notes to Unaudited Consolidated Financial Statements

NaTec Resources, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended March 31, 1992	1991
Cash flows from operating activities		
Net loss	$(1,185,671)	$(1,099,872)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	257,327	193,023
Increase in receivables	(273,285)	(218,169)
Increase in other current assets	(65,471)	(55,557)
Increase (decrease) in accounts payable and accrued liabilities	1,384,551	(1,083,787)
Net cash used in (provided from) operating activities	117,451	(2,264,362)
Investing activities		
Additions to property, plant and equipment	(737)	(3,696,500)
Other investing activities	-	(2,005)
Net cash used in investing activities	(737)	(3,698,505)
Financing activities		
Payment of long-term obligations	(46,754)	(77,651)
Proceeds from financing	-	982,906
Net cash (used in) provided from financing activities	(46,754)	905,255
Increase (decrease) in cash and cash equivalents	69,960	(5,057,612)
Cash and cash equivalents at beginning of year	1,087,173	7,064,784
Cash and cash equivalents at end of period	$1,157,133	$2,007,172

See Notes to Unaudited Consolidated Financial Statements

NaTec Resources, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

NOTE 1: Basis of Presentation

In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of NaTec Resources, Inc. and subsidiaries ("Company") as of March 31, 1992 and the results of operations and changes in cash flows for the three months ended March 31, 1992 and 1991. All adjustments are of a normal recurring nature.

The accounting policies followed by the Company are set forth in Note 1 to the Company's Consolidated Financial Statements in the Company's 1991 Annual Report on Form 10-K ("Annual Report"). These quarterly financial statements should be read in conjunction with the financial statements and notes contained in the Annual Report.

The results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full fiscal year.

NOTE 2: Accounting for Inventory

Inventories consist of chemicals, both in process and raw materials, which are used in NaTec's chemical business and nahcolite, a naturally occurring form of sodium bicarbonate, which is used in the Company's dry sorbent injection systems. Inventories are summarized as follows:

	March 31, 1992	December 31, 1991
Chemicals	$ 69,021	$ 74,151
Nahcolite/ Sodium Bicarbonate	199,593	68,860
	$268,614	$143,011

The chemical inventory is stated at lower of average cost or market. Nahcolite inventory is valued at the lower of production costs or market. Costs in excess of market value have been expensed as excess production costs over inventoried costs. Production costs includes all identifiable costs of the plant including depreciation and direct general and administrative expenses.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

RESULTS OF OPERATIONS

Revenues for the three months ended March 31, 1992 were $548,000 compared to $458,000 for the same period a year earlier, representing an increase of $90,000, or approximately 20 percent. The increase for the period is primarily due to overall increased activity in both specialty chemicals and nahcolite sales. The gross profit percentage rose slighlly, from 25 percent for the first quarter of 1991 to 27 percent for 1992, as the project mix remained about the same for the two periods. In addition, excess production costs over inventoried costs were $358,000 for the three months ended March 31, 1992. No such costs were incurred for the same period in 1991 since the nahcolite facility was not yet in commercial production at that time. The high cost per ton of nahcolite produced to date is a result of the low production levels that are required to supply current projects.

Operating costs for the first quarter of 1992 decreased $380,000, or 30 percent, over the first quarter of 1991. This decrease is directly attributable to the overall cost reduction program which was implemented at the end of 1991.

During the first quarter of 1992, interest income decreased $75,000 as compared to the first quarter of 1991 due to lower average daily balances of funds available for investing. Interest expense for the three months ended March 31, 1992 increased $69,000 as compared to the corresponding period a year earlier as a result of additional borrowings by the Company during the first two quarters of 1991.

Net loss attributable to common shares for the three months ended March 31, 1992 was $1.5 million compared to $1.6 million for the same period a year earlier. In addition to the items noted above, preferred stock dividends were higher for the first quarter of 1991 than for the first quarter of 1992.

Current revenue backlog is $8.1 million. Of that amount, $4.2 million, 52 percent of the backlog, is related to the projected sale of nahcolite to Wisconsin Electric Power Company over a three-year period beginning in 1993. Approximately $1.2 million, 15 percent of the backlog, is related to the sale of specialty chemicals to Chevron USA over a three-year period and $1.1 million, 14 percent of the backlog, is for the design and installation of a dry sorbent injection system in 1992 for a Hoechst Celanese industrial facility. The remaining $1.6 million in backlog is attributable to chemical service contracts, equipment sales and demonstrations related to DSI emissions control technology. Current revenue backlog is based upon total estimated revenues from contracts entered into with clients less that portion which has been recognized as revenue. While backlog is an indication of expected future revenues, it is subject to revision due to cancellations, modifications and changes in the scope of projects.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated balance sheet at March 31, 1992, reflects cash and short-term investments of $1.2 million, which is a net increase of $100,000 for the first quarter. The increase in cash and investments is due to prepayment of $1 million from North American Chemical Company for the future delivery of nahcolite. The remaining obligation for future deliveries of nahcolite is included on the balance sheet in "amounts billed in excess of revenue recognized".

The Company has signed a letter of intent to sell a 50 percent interest in a newly created subsidiary of the Company to North American Chemical Company ("NACC"). The new subsidiary will own NaTec's nahcolite production operations hich consist of $19.9 million of assets net of $2.5 million of liabilities.

This joint venture will supply nahcolite to both parties and will not affect the Company's DSI emissions control operations. Under the terms of the agreement, the Company would receive $10 million in cash over the next four years which would be used to fund current operations and capital expenditure requirements. The profits of the new subsidiary will be distributed based on each party's ownership interest, however, 75 percent of the Company's initial profits from the new subsidiary will be distributed to NACC until such amount is equal to $1.25 million. The agreement is also subject to the achievement of certain plant performance levels, the approval of the boards of directors of both companies and lenders of NACC, and the execution of a definitive agreement.

Limited revenues are anticipated for the immediate future as the Company continues to develop its markets. Sales of NaTec's technology and sorbent are expected to increase as utilities and industries are required to implement measures to control the emission of pollutants associated with acid rain formation as legislated by the Clean Air Act of 1990.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

None

Item 2. ***Changes in Securities***

None

Item 3. ***Defaults upon Senior Securities***

None

Item 4. ***Submission of Matters to a Vote of Security Holders***

None

Item 5. ***Other Information***

None

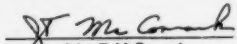
Item 6. ***Exhibits and Reports on Form 8-K***

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, NaTec Resources, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NaTec Resources, Inc.



John T. McCormack
President
(Chief Operating Officer)

M. Glenn Hobratschk
Executive Vice President
(Chief Financial Officer)

Date: May 11, 1992